

MARK D. WALDRON  
Chapter 11 Trustee  
6711 Regents Blvd. W., Suite B  
Tacoma, WA 98466  
Telephone: (253) 565-5800

The Honorable Frederick P. Corbit  
Chapter 11

IN THE UNITED STATES BANKRUPTCY COURT  
FOR THE EASTERN DISTRICT OF WASHINGTON

In Re:

GIGA WATT INC.

Debtor.

Case No. 18-03197-FPC11

CHAPTER 11 TRUSTEE'S MONTHLY  
FINANCIAL REPORT FOR  
SEPTEMBER 2019

**COMES NOW** Mark D. Waldron, the Court-appointed and acting Chapter 11 Trustee in the above proceeding, and files this Monthly Financial Report for the month of September 2019. Attached to this report are the Ledger Report (Exhibit 1), Operating Statement (Exhibit 2), and bank statement for September 2019 (Exhibit 3), incorporated herein by reference. Also attached is a detailed narrative report from Court-appointed consultant Douglas Pratt regarding Giga Watt's mining operations for September 2019 (Exhibit 4), incorporated herein by reference.

Significant developments during reporting period:

1. Moses Lake Facility. The Estate continues to operate the Moses Lake facility. Mining revenues for September 2019 at Moses Lake were \$246,401.92, with an additional \$24,765.80 of revenue from subtenant Eco Diversified Holdings for its



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1 proportional obligation for the August 2019 utilities. The Estate is continuing payments on  
2 an accelerated repayment schedule to the landlord at the Moses Lake facility. Rent and  
3 utility payments are current and the Estate continues the efforts to repay the past due  
4 amounts which existed when the Trustee took over operations.

5 2. TNT Facility. By Order entered on August 29, 2019 (Docket No. 365), the  
6 Court authorized the re-opening of the TNT facility and authorized a DIP loan in the  
7 amount of \$200,000.00. Pursuant to that Order and pending a final order, the DIP loan  
8 was funded in the partial amount of \$158,512.00 (including a \$4,000.00 origination fee to  
9 Lender). A deposit was paid to the Douglas County PUD in the amount of \$98,925.00, as  
10 well as \$53,820.00 for utility arrears and a \$1,767.00 connection fee. Power and internet  
11 service was restored and Debtor restarted operations at the TNT facility on September 10,  
12 2019. Mining revenues at TNT for September 2019 were \$24,710.61. Rent and utility  
13 payments are current.

14 3. The Court-appointed CPA continues to prepare Debtor's required monthly  
15 tax reports, specifically the Department of Revenue reporting, and the Estate continues to  
16 pay the corresponding B&O taxes due. At month end, the Debtor was not delinquent on  
17 any post-petition tax obligations.

18 4. For purposes of calculating the Debtor's obligations under 28 USC 1930(a)(6)  
19 to pay a quarterly fee to the United States Trustee, **TOTAL DISBURSEMENTS** for the  
20 month of September 2019 were **\$456,645.28**. The Trustee continues to file Monthly  
21 Financial Reports and pay the quarterly U.S. Trustee fees pursuant to the current rate  
22 schedule. Third Quarter 2019 U.S. Trustee fees in the amount of \$12,882.92 were paid  
23 on October 1, 2019. All U.S. Trustee fee payments and all Monthly Financial Reports are  
24 current.

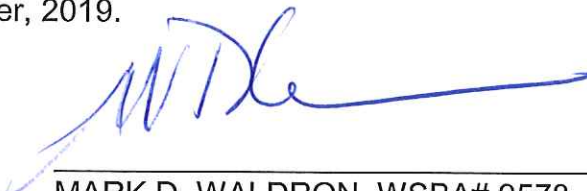


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1           5.     It should be noted that due to the deposit paid to Douglas County PUD  
2 (\$98,925.00) and the fact that Eco Diversified Holdings' rent payment for September  
3 (\$9,000.00) was actually received and included in the August operations, the bottom line  
4 in the attached Operating Statement for September is skewed. Additionally, start-up costs  
5 at the TNT facility and market fluctuation of Litecoin and Bitcoin in September effected the  
6 net operations.

7           I certify under penalty of perjury that the information contained in this Monthly  
8 Financial Report is complete, true, and accurate to the best of my knowledge, information  
9 and belief.

10           **DATED** this 15<sup>th</sup> day of October, 2019.

11  
12   
13 \_\_\_\_\_  
14           MARK D. WALDRON, WSBA# 9578  
15 Chapter 11 Trustee for the Estate of  
16 Giga Watt Inc.  
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## Ledger Report

**Case Number:** 18-03197-FPC11 FPC  
**Case Name:** GIGA WATT INC.

**Trustee:** Mr. Mark D. Waldron (670070)  
**Bank Name:** Metropolitan Commercial Bank  
**Account:** \*\*\*\*\*25 - Checking Account  
**Blanket Bond:** \$0.00 (per case limit)  
**Separate Bond:** N/A

**Taxpayer ID #:** 81-4797010  
**Period:** 09/01/19 - 09/30/19

Trans. Date	{Ref #} / Check #	Paid To / Received From	Description of Transaction	Ledger Code	Receipts \$	Disbursements \$	Checking Account Balance
09/04/19		Public Utility District No. 1 of Douglas County	Payment to resume electrical service to TNT facility (\$53,820 arrears, \$98,925 deposit, \$1767 connection fee)	6010-000		154,512.00	77,526.18
09/05/19		Moses Lake facility	Mining operations	4001-000	60,814.95		138,341.13
09/09/19		MLDC I, LLC	100% of Moses Lake revenue	6003-000		60,814.95	77,526.18
09/12/19		Moses Lake facility	Mining operations	4001-000	64,429.33		141,955.51
09/13/19		Eco Diversified Holdings	Utilities for August 2019, Pod 8 of Parcel E pods Moses Lake	4099-000	24,765.80		166,721.31
09/13/19	238	Washington State Department of Revenue	604-067-749, Giga Watt, Inc., B&O taxes due for August 2019	6006-002		5,334.32	161,386.99
09/13/19	239	Stretto	Invoice #3092	6007-000		5,976.99	155,410.00
09/13/19	240	Waste Management of Wenatchee	Customer ID #19-19019-33003, Invoice #1821692-2674-9	6010-000		124.28	155,285.72
09/13/19		MLDC I, LLC	77% of Moses Lake revenue (through 9-12-19)	6003-000		49,610.58	105,675.14
09/19/19		Moses Lake (\$64,837.22) and TNT (\$7,941.93) facilities	Mining operations	4001-000	72,779.15		178,454.29
09/20/19		MLDC I, LLC	77% of Moses Lake revenue (through 9-19-19)	6003-000		49,924.66	128,529.63
09/23/19	241	Lauren Mieh	Invoice dated 9-22-19 (work at TNT facility through 9-20-19)	6007-013		4,275.00	124,254.63
09/23/19	242	Lauren Mieh	Invoices dated 9-8-19 & 9-22-19 (Moses Lake facility through 9-20-19)	6007-013		1,912.50	122,342.13
09/23/19	243	Lauren Mieh	Reimbursement for costs at TNT facility (Invoices dated 9-8-19 & 9-22-19)	6007-014		749.74	121,592.39
09/23/19	244	Allen Oh	Invoices #27 and #28, Moses Lake facility through 9-20-19	6007-013		6,000.00	115,592.39
09/23/19	245	Austin Harrison	Invoice dated 9-22-19 (Moses Lake facility through 9-21-19)	6007-013		2,400.00	113,192.39
<b>Subtotals :</b>					<b>\$222,789.23</b>	<b>\$341,635.02</b>	

{ Asset reference(s) }

## Ledger Report

**Case Number:** 18-03197-FPC11 FPC  
**Case Name:** GIGA WATT INC.

**Trustee:** Mr. Mark D. Waldron (670070)  
**Bank Name:** Metropolitan Commercial Bank  
**Account:** \*\*\*\*\*25 - Checking Account  
**Blanket Bond:** \$0.00 (per case limit)  
**Separate Bond:** N/A

**Taxpayer ID #:** 81-4797010  
**Period:** 09/01/19 - 09/30/19

Trans. Date	{Ref #} / Check #	Paid To / Received From	Description of Transaction	Ledger Code	Receipts \$	Disbursements \$	Checking Account Balance
09/23/19	246	Skyler Simpson	Invoice dated 9-22-19 (Moses Lake facility through 9-20-19) , less overpayment of \$375.00 on invoice dated 9-8-19 Voided on 09/23/19	6007-013		1,625.00	111,567.39
09/23/19	246	Skyler Simpson	Invoice dated 9-22-19 (Moses Lake facility through 9-20-19) , less overpayment of \$375.00 on invoice dated 9-8-19 Voided: check issued on 09/23/19	6007-013		-1,625.00	113,192.39
09/23/19	247	Porfirio Jaimes	Invoice dated 9-22-19 (Moses Lake facility through 9-22-19), plus \$17.00 owed on invoice dated 9-8-19	6007-013		1,543.25	111,649.14
09/23/19	248	David Knowles	Invoice dated 9-22-19 (TNT facility through 9-20-19)	6007-013		1,022.00	110,627.14
09/23/19	249	TNT Business Complexes, LLC	Lease payment for October 2019 (TNT facility)	6003-000		11,600.00	99,027.14
09/23/19	250	Skyler Simpson	Invoice dated 9-22-19 (Moses Lake), less \$275.00 overpayment on invoice dated 9-8-19	6007-013		1,225.00	97,802.14
09/23/19	251	Skyler Simpson	Invoice dated 9-22-19 (TNT facility through 9-20-19)	6007-013		400.00	97,402.14
09/26/19		Moses Lake (\$56,320.42) and TNT (\$16,768.68) facilities	Mining operations	4001-000	73,089.10		170,491.24
09/27/19		MLDC I, LLC	Rent / utilities due for Moses Lake facility (September 2019)	6003-000		99,220.01	71,271.23

**Subtotals :** \$73,089.10      \$115,010.26

{ Asset reference(s) }

# Ledger Report

Case Number: 18-03197-FPC11 FPC  
Case Name: GIGA WATT INC.  
Taxpayer ID #: 81-4797010  
Period: 09/01/19 - 09/30/19

Trustee: Mr. Mark D. Waldron (670070)  
Bank Name: Metropolitan Commercial Bank  
Account: \*\*\*\*\*25 - Checking Account  
Blanket Bond: \$0.00 (per case limit)  
Separate Bond: N/A

Trans. Date	{Ref #} / Check #	Paid To / Received From	Description of Transaction	Ledger Code	Receipts \$	Disbursements \$	Checking Account Balance
ACCOUNT TOTALS							
					2,470,126.94	2,398,855.71	\$71,271.23

## TOTAL - ACCOUNT \*\*\*\*\*25

Balance Forward	232,038.18			
1 Deposits	24,765.80	14 Checks	42,563.08	
0 Interest Postings	0.00	5 Adjustments Out	414,082.20	
Subtotal	\$256,803.98	0 Transfers Out	0.00	
4 Adjustments In	271,112.53	Total	\$456,645.28	
0 Transfers In	0.00			
Total	\$527,916.51			

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**GIGA WATT INC. (18-03197-FPC11)**  
**Operating Statement**

Page: 1

Period: 09/01/19 - 09/30/19

**Income**

4001-000	Revenue from Operating Business			
4001-000	Revenue from Operating Business			
09/05/19	Dep. Adj.: 53	3910019625	Moses Lake facility	\$60,814.95
			Mining operations	
09/12/19	Dep. Adj.: 55	3910019625	Moses Lake facility	\$64,429.33
			Mining operations	
09/19/19	Dep. Adj.: 57	3910019625	Moses Lake (\$64,837.22) and TNT (\$7,941.93) facilities	\$72,779.15
			Mining operations	
09/26/19	Dep. Adj.: 59	3910019625	Moses Lake (\$56,320.42) and TNT (\$16,768.68) facilities	\$73,089.10
			Mining operations	
				<hr/>
				\$271,112.53
4099-000	Other Receipts			
4099-000	Other Receipts			
09/13/19	Deposit: 100013-1	3910019625	Eco Diversified Holdings	\$24,765.80
			Utilities for August 2019, Pod 8 of Parcel E pods Moses Lake	
				<hr/>
				\$24,765.80
<b>Total Income</b>				<hr/>
				\$295,878.33

**Expenses**

6003-000	Admin. Rent			
6003-000	Admin. Rent			
09/09/19	Disb. Adj.: 54	3910019625	MLDC I, LLC	\$60,814.95
			100% of Moses Lake revenue	
09/13/19	Disb. Adj.: 56	3910019625	MLDC I, LLC	\$49,610.58
			77% of Moses Lake revenue (through 9-12-19)	
09/20/19	Disb. Adj.: 58	3910019625	MLDC I, LLC	\$49,924.66
			77% of Moses Lake revenue (through 9-19-19)	
09/23/19	Check: 249	3910019625	TNT Business Complexes, LLC	\$11,600.00
			Lease payment for October 2019 (TNT facility)	
09/27/19	Disb. Adj.: 60	3910019625	MLDC I, LLC	\$99,220.01
			Rent / utilities due for Moses Lake facility (September 2019)	
				<hr/>
				\$271,170.20
6006-002	Taxes - State			
6006-002	Taxes - State			
09/13/19	Check: 238	3910019625	Washington State Department of Revenue	\$5,334.32
			604-067-749, Giga Watt, Inc., B&O taxes due for August 2019	
				<hr/>
				\$5,334.32
6007-000	Professional Fees & Expenses			
6007-000	Professional Fees & Expenses			
09/13/19	Check: 239	3910019625	Stretto	\$5,976.99
			Invoice #3092	
				<hr/>
				\$5,976.99
6007-013	Consultant for Trustee Fees			
09/23/19	Check: 241	3910019625	Lauren Miehle	\$4,275.00
			Invoice dated 9-22-19 (work at TNT facility through 9-20-19)	
09/23/19	Check: 242	3910019625	Lauren Miehle	\$1,912.50

# GIGA WATT INC. (18-03197-FPC11)

## Operating Statement

Period: 09/01/19 - 09/30/19

			Invoices dated 9-8-19 & 9-22-19 (Moses Lake facility through 9-20-19)	
09/23/19	Check: 244	3910019625	Allen Oh	\$6,000.00
			Invoices #27 and #28, Moses Lake facility through 9-20-19	
09/23/19	Check: 245	3910019625	Austin Harrison	\$2,400.00
			Invoice dated 9-22-19 (Moses Lake facility through 9-21-19)	
09/23/19	Void: 246	3910019625	Skyler Simpson	\$0.00
			Invoice dated 9-22-19 (Moses Lake facility through 9-20-19) , less overpayment of \$375.00 on invoice dated 9-8-19	
09/23/19	Check: 247	3910019625	Porfirio Jaimes	\$1,543.25
			Invoice dated 9-22-19 (Moses Lake facility through 9-22-19), plus \$17.00 owed on invoice dated 9-8-19	
09/23/19	Check: 248	3910019625	David Knowles	\$1,022.00
			Invoice dated 9-22-19 (TNT facility through 9-20-19)	
09/23/19	Check: 250	3910019625	Skyler Simpson	\$1,225.00
			Invoice dated 9-22-19 (Moses Lake), less \$275.00 overpayment on invoice dated 9-8-19	
09/23/19	Check: 251	3910019625	Skyler Simpson	\$400.00
			Invoice dated 9-22-19 (TNT facility through 9-20-19)	
				<u>\$18,777.75</u>
<b>6007-014 Consultant for Trustee Expenses</b>				
09/23/19	Check: 243	3910019625	Lauren Miehle	\$749.74
			Reimbursement for costs at TNT facility (Invoices dated 9-8-19 & 9-22-19)	
				<u>\$749.74</u>
				<u>\$25,504.48</u>
<b>6010-000 Other Expenses</b>				
<b>6010-000 Other Expenses</b>				
09/04/19	Disb. Adj.: 52	3910019625	Public Utility District No. 1 of Douglas County	\$154,512.00
			Payment to resume electrical service to TNT facility (\$53,820 arrears, \$98,925 deposit, \$1767 connection fee)	
09/13/19	Check: 240	3910019625	Waste Management of Wenatchee	\$124.28
			Customer ID #19-19019-33003, Invoice #1821692-2674-9	
				<u>\$154,636.28</u>
<b>Total Expenses</b>				<u><b>\$456,645.28</b></u>
<b>Net Income</b>				<u><u><b>\$-160,766.95</b></u></u>

Mr. Mark D. Waldron  
6711 Regents Blvd West  
Tacoma WA 98466

**RECEIVED**

**OCT 08 2019**

Law Offices of  
Mark D. Waldron, PLLC

Case Number

Case Name

Trustee Number

Trustee Name

Period Covered:  
August 31, 2019 - September 30, 2019

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18-03197-FPC11

GIGA WATT INC

DEBTOR

670070

Mr. Mark D. Waldron

TRUSTEE

 **Questions:**

800.634.7734

[banking.services@stretto.com](mailto:banking.services@stretto.com)

[www.stretto.com](http://www.stretto.com)

**Consolidated Balance Summary**

Account	Number	Ending Balance Prior Period	Ending Balance This Period
Checking Account			
TRUSTEE CHECKING	██████████9625	\$333,924.44	\$91,248.22
<b>Total</b>		<b>\$333,924.44</b>	<b>\$91,248.22</b>

**Notable Information For You...**

Please follow these guidelines when printing payroll checks through a third party company: 1) Open a separate DDA account for payroll activity. 2) Provide the account number and Metropolitan Commercial Bank ABA number to your payroll processor. 3) Ask the payroll company to begin the check sequence at 1000 and provide check data in an Excel (.xlsx) or comma-delimited (.csv) format at least 3 days before checks are issued. 4) Send this data file to Stretto at least 48 hours before issuance.

Period Covered:  
August 31, 2019 - September 30, 2019

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Mr. Mark D. Waldron  
6711 Regents Blvd West  
Tacoma WA 98466

Case Number

18-03197-FPC11

Case Name

GIGA WATT INC  
DEBTOR

Trustee Number

670070

Trustee Name

Mr. Mark D. Waldron  
TRUSTEE

Questions:

800.634.7734

banking.services@stretto.com

www.stretto.com

**TRUSTEE CHECKING**

Account Number: [REDACTED] 9625

Enclosures	25	Beginning Balance	\$333,924.44
		+Total Additions	\$295,878.33
		-Total Subtractions	\$538,554.55
		Ending Balance	\$91,248.22

\* Indicates a Skip in Check Number(s)

"E" Indicate an Electronic Check

**Checks**

Check #	Date	Amount
221	09-03	\$562.50
224*	09-12	\$11,600.00
225	09-03	\$6,075.00
226	09-12	\$2,400.00
227	09-03	\$2,000.00
228	09-03	\$1,535.50
229	09-04	\$6,000.00
230	09-04	\$22.01
231	09-16	\$6,000.00
232	09-17	\$6,000.00
233	09-25	\$2,400.00
234	09-17	\$2,000.00
235	09-16	\$1,500.00
236	09-05	\$3,827.11
237	09-11	\$134.88
238	09-19	\$5,334.32
240*	09-24	\$124.28
241	09-30	\$4,275.00
242	09-30	\$1,912.50
243	09-30	\$749.74
244	09-30	\$6,000.00
247*	09-30	\$1,543.25
248	09-30	\$1,022.00
250*	09-30	\$1,225.00
251	09-30	\$400.00

**Debits**

Date	Description	Subtractions
09-03	WIRE TO MLDC 1 LLC	\$49,829.26
09-04	WIRE TO PUD NO 1 OF DOUGLA	\$154,512.00
09-09	WIRE TO MLDC 1 LLC	\$60,814.95
09-13	WIRE TO MLDC 1 LLC	\$49,610.58



Period Covered:  
August 31, 2019 - September 30, 2019

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Date	Description
09-20	WIRE TO MLDC 1 LLC
09-30	WIRE TO MLDC 1 LLC

**Subtractions**  
\$49,924.66  
\$99,220.01

**Credits**

Date	Description	Additions
09-05	WIRE FROM COINME INC	\$60,814.95
09-12	WIRE FROM COINME INC	\$64,429.33
09-16	dep no 100013	\$24,765.80
09-19	WIRE FROM COINME INC	\$72,779.15
09-26	WIRE FROM COINME INC	\$73,089.10

**Daily Balances**

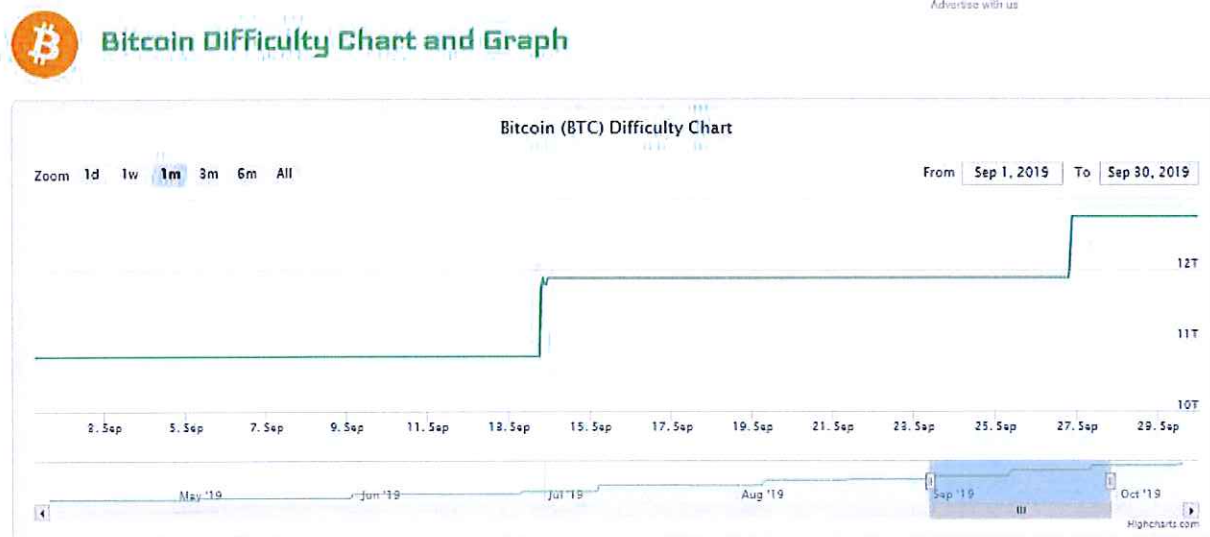
Date	Amount	Date	Amount	Date	Amount
09-03	\$273,922.18	09-04	\$113,388.17	09-05	\$170,376.01
09-09	\$109,561.06	09-11	\$109,426.18	09-12	\$159,855.51
09-13	\$110,244.93	09-16	\$127,510.73	09-17	\$119,510.73
09-19	\$186,955.56	09-20	\$137,030.90	09-24	\$136,906.62
09-25	\$134,506.62	09-26	\$207,595.72	09-30	\$91,248.22

**Executive Summary:** For the calendar month of September 2019, the Moses Lake Data Center (MLDC) generated gross revenue of \$256,422 which represented a 17% drop in revenue from August 2019 of \$309,263. Revenue from Bitcoin dropped 14%, moving from \$201,527 in August to \$172,601 in September. ETH revenue dropped by 14%, moving from \$35,015 in August to \$30,192 in September. LTC mining revenue dropped 26%, moving from \$72,722 in August to \$53,629 in September.

Starting September 12<sup>th</sup>, the reactivation of the TNT facility at East Wenatchee began and mining for Litecoin and Bitcoin restarted. The revenue generated for the partial month of September for Bitcoin was \$30,408 and \$3,660 for Litecoin.

The total gross revenue generated combined for both sites for September was \$290,490.

**Bitcoin Mining:** Revenues for MLDC declined primarily due to increasing global difficulty due to new technology shipping. A secondary issue was the price pressure, which dropped from \$9,630/BTC on September 1<sup>st</sup> to \$8,104/BTC on September 30<sup>th</sup>. We can expect to see declining revenues from BTC mining unless we get upward price movement in the market.



**Litecoin Mining:** The effects of the Litecoin reward halving rewards from August continued to be felt in September, where machines were turned off for the last six days of the month as the power cost of mining exceeded the rewards. This was exacerbated by a big drop in price of LTC as well during the month, moving from \$64.45/LTC on September 1<sup>st</sup> to \$54.31/LTC by September 30<sup>th</sup>. As bad as results looks, the silver lining is that at the time of this writing, the drop in LTC has again made LTC mining profitable and the machines were turned back on in early October. For the days we were mining in Moses Lake, we increased the average number of LTC coins mined daily to 31.8, up from 29.2 in September, due to the drop-in difficulty.

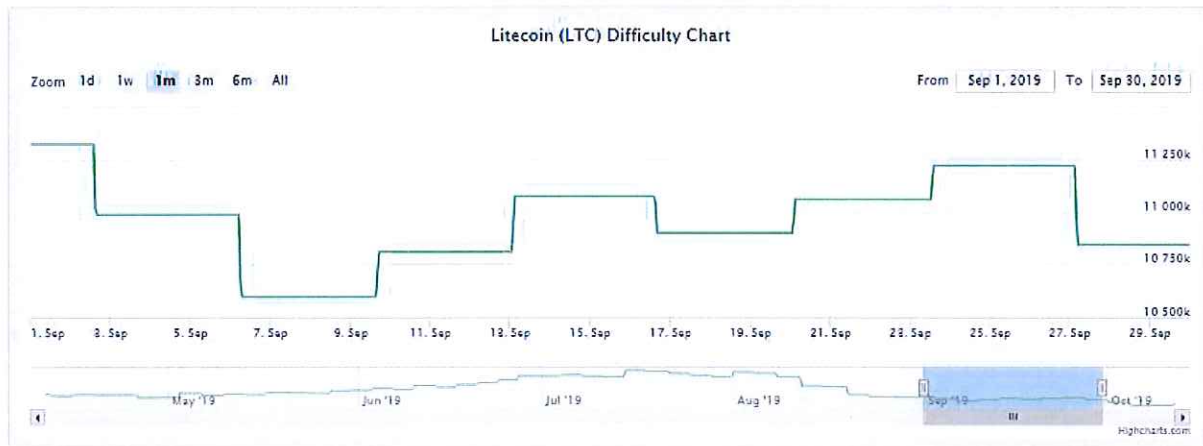
It's important to note that the power cost of \$0.035/kwh at MLDC, and now \$0.025 at TNT, gives us an ongoing advantage against global competitors, especially around LTC mining. The reason is that the bulk of new investment in mining hardware continues to be made in BTC mining, not LTC mining, so we just need to be more strategic about our use of our LTC mining hardware.

If LTC pricing stays stable and/or difficulty drops or even stabilizes worldwide, we can expect to see month on month stabilization in revenue, or even growth, from LTC.



## Litecoin Difficulty Chart and Graph

Advertise with us



## Ethereum Mining:

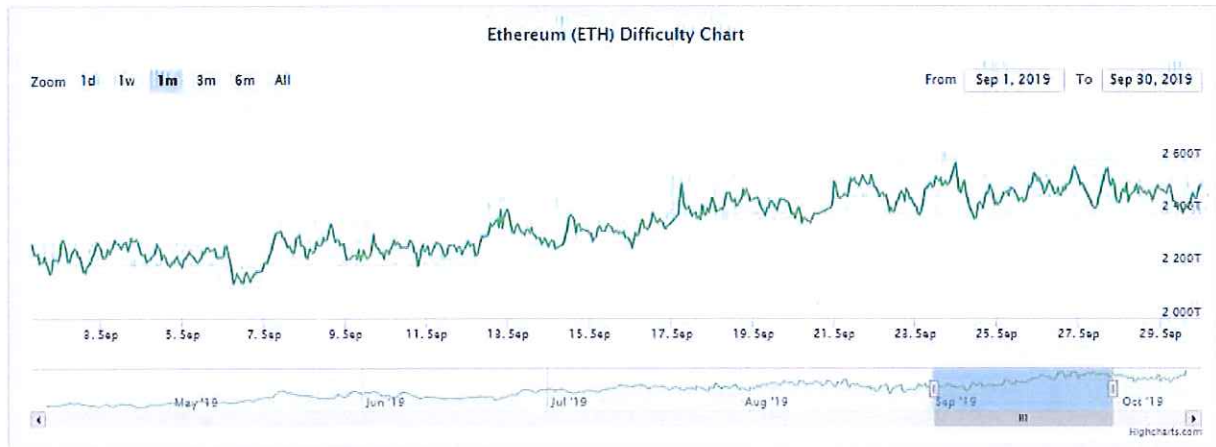
The month on month drop of revenue for Ethereum mining was due primarily due to the increase in difficulty, which increased roughly 10% over the course of the month.

The average sales price of an ETH token in was \$172 on September 1<sup>st</sup> and closed at \$170 on September 30<sup>th</sup>.



## Ethereum Difficulty Chart and Graph

Advertise with us



In summary, we have no reliable market indicators that prices for BTC, LTC or ETH will increase. Assuming the case that market prices are stable, we can assume that BTC mining rewards will continue to decrease due to increasing difficulty. We still have good margins on a per machine basis so it's profitable to continue operating these machines. We expect LTC revenues will begin to recover due to dropping difficulty but must be sensitive to both price and difficulty on a daily basis. Finally, ETH mining, which is currently the most profitable technology to mine per kilowatt hour, will likely remain our best long-term technology equipment into 2020. There are additional efficiencies we can extract from our existing ETH mining equipment to increase both revenue and reduce costs.